OCC maintains that because the availability of SPLNP is critical to the development of effective and robust competition in the local services market, the Department must ensure that SNET's rates for this service are not excessive. OCC argues that when comparing SNET's proposed SPLNP rates to those in other jurisdictions, SNET's rates and costs are excessive. OCC cites Florida, which has employed a similar LNP rate structure to SNET's proposal, where interim number portability recurring rates of $1.00 per line and $0.50 per additional path and a non-recurring charge of $10.00 were approved. OCC also cites as examples Maryland, (approved monthly rate of $1.98 and a non-recurring charge of $10.00); Michigan, (approved LNP monthly rate of $1.14); and California (approved LNP rate of $1.94 for Pacific Bell and $2.29 for GTE).[10]

OCC is also not persuaded by SNET's argument that its mix of switches results in higher costs and LNP rates. OCC states that SNET has not provided any real comparison of its network architecture with those of telephone companies in other states. OCC maintains that SNET did not identify any incumbent local exchange carrier (ILEC) with a lower LNP rate than that proposed by SNET, which relied on a lower cost network architecture. OCC contends that SNET has failed to provide sufficient evidence of the specific network architectures used in other jurisdictions to explain the differences in LNP rates. OCC further contends that data submitted in this proceeding reveals SNET's mix of switches is comparable to ILECs in other states (e.g., Florida) with significantly lower LNP rates. OCC concludes that the record of this proceeding reveals that SNET's network architecture is not sufficiently different from that of other jurisdictions to justify a difference in LNP rates.

OCC claims SNET's second justification for its high LNP rates (i.e., passing access charge revenues) to the CLEC is also without merit. OCC argues that SNET has not provided specific examples of those ILECs with lower LNP rates having retained access charge revenues. OCC states that SNET concedes it was only guessing that its "pass through" of access charges causes uniquely high rates. OCC asserts that contrary to SNET's guess-work, the evidence filed in this proceeding proves that the same ILECs who charge substantially lower rates for LNP incur the same costs and like SNET, pass through access charges on the ported calls.

OCC concludes that the record indicates that in the jurisdictions having a similar mix of technologies to that of SNET and where the ILEC has passed through the access charge revenues, the ILEC's LNP costs and rates were significantly lower than those proposed by SNET. OCC states that given the fact that SNET's network costs and treatment of access charge revenues is comparable to those in other states, the

[10] SNET argues that its service costs and rates cannot be compared with those from other jurisdictions. SNET states that each jurisdiction's network architecture is different with the switching vehicles used in the network and the percent of the total that each represents contributing to a different weighting of costs necessary to support SPLNP. Additionally, SNET argues that other jurisdictions have different terms and conditions associated with SPLNP (e.g., the treatment of access revenues associated with SPLNP or the inclusion of transport costs in number portability rates). Wimer Rebuttal Testimony, pp.

Department should reject SNET's proposed SPLNP rates as excessive. OCC Brief, pp. 4-10; OCC Reply Brief, pp. 1-4.

Additionally, OCC expresses concern with the SPLNP contribution sought by SNET because in the OCC's opinion, it is excessive and unreasonable. OCC contends that there is no justification to support the proposed contribution and recommends that the Department guard against such a high level. Accordingly, OCC proposes that the Department set the rate for SPLNP provided through RCF at $1.25 per month, without an additional per path charge.[11] OCC claims that its recommendation is comparable with the rates charged in other jurisdictions. OCC maintains that because rates in other jurisdictions generally reflect an element of both cost and reasonable profit, a comparable rate would be equitable for both the Company and the CLECs. OCC also proposes that this rate be applied in a competitively neutral manner so that all carriers, including SNET, contribute to the cost recovery for interim LNP. OCC states that under its proposal, the Department would apply a $1.25 rate to all SPLNP forwarded calls and divide the resulting total cost among all carriers, including SNET. OCC argues that everyone should contribute to interim LNP because it will benefit all competitors and consumers regardless of whether they switch service providers.

OCC further states that by including all service providers in the cost recovery responsibility, SNET and CLECs would be provided similar incentive to aggressively pursue a long term number portability solution. OCC claims by including a hefty contribution, SNET's tariff achieves excess profit for the Company, thereby providing it with an incentive to maintain interim LNP through RCF. According to OCC, interim number portability through RCF is an inferior solution, because it requires the LEC to be in the middle of the number porting and prohibits use by the customer of certain vertical features.[12] OCC concludes that by including SNET in the cost recovery responsibility for interim LNP, the Department will provide SNET with the necessary incentive to pursue a long term solution.

OCC claims that any risk to SNET by adopting the OCC's proposed rates for SPLNP is minimal because a permanent solution appears available in the near term (i.e., AT&T's proposed location routing number (LRN)). According to OCC, several jurisdictions such as Illinois, Maryland, and Georgia have embraced LRN as a long term answer for LNP. OCC states that as currently scheduled, LRN will be available in the next 12 to 18 months, and as such, it is doubtful that the $1.25 SPLNP rate would prevent SNET from recovering its interim costs. OCC concludes that since SNET will be providing this service in the short term, any financial risk in charging the $1.25 SPLNP rate would be minimal.

---

[11] AT&T, MCI and MFSI have also recommended that alternative rate levels be adopted by the Department. SNET disagrees and argues that by their very nature, these recommended rates ignore its underlying costs in providing the service, and, therefore, in violation of Department precedent, cannot be cost based. Consequently, SNET recommends that all proposed alternative rate levels be rejected. SNET Reply Brief, p. 7.

[12] According to SNET's tariff, Busy Line Verification, Busy Line Interrupt, Calling Card, Collect, Bill to Third and other non-sent paid services will not be offered with SPLNP. Proposed Tariffs, §18.5.2.4.

Lastly, OCC claims that its proposal is consistent with the 1996 Telcom Act by requiring that all costs associated with the provision of number portability be borne by all telecommunications carriers on a competitively neutral basis. OCC claims that its proposal is competitively neutral and reflects the costs typically incurred throughout the country for SPLNP. OCC Brief, pp. 10-13; OCC Reply Brief, pp. 4 and 5.

3. NXX Administration Service

OCC states that the Department cannot accept SNET's proposed NXX Administration cost recovery proposal, because the FCC has exclusive jurisdiction over determining cost recovery for NXX codes and SNET's proposal is inconsistent with the 1996 Telcom Act's requirement regarding neutral numbering administration. According to OCC, the 1996 Telcom Act clearly reserves for the FCC exclusive jurisdiction in determining the appropriate numbering administration arrangements and the mechanism for recovering the cost of these codes. OCC states that the FCC's recent Notice of Proposed Rule Making (NPRM) in CC Docket No. 96-98, In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, Released April 19, 1996, confirms its exclusive jurisdiction.

OCC further claims that SNET's proposed NXX Administration charge is inconsistent with the 1996 Telcom Act because it limits cost responsibility to only new NXX codes, forcing CLECs to bear a disproportionate share of the administrative costs. OCC contends that §251(e)(2) of the 1996 Telcom Act requires all telecommunications carriers to be responsible for the cost of NXX administration on a competitively neutral basis. According to OCC, the 1996 Telcom Act further imposes on SNET a duty to ensure all providers have nondiscriminatory access to telephone numbers. OCC believes that SNET's proposal is inconsistent with both of these provisions. For example, OCC states that SNET's proposal forces CLECs to bear most of the cost recovery responsibility by loading unrelated administrative costs to the assignment of new NXX codes. OCC states that by targeting the CLECs for recovery of these costs, SNET seeks to avoid any responsibility for cost recovery. OCC argues that new NXX codes are not the driver to administrative costs, but result from all NXX codes. OCC contends that SNET's proposal sidesteps this fact and arbitrarily loads these costs on the CLECs. Thus, SNET's cost recovery proposal favors the ILEC and is neither competitively neutral nor nondiscriminatory. Accordingly, OCC concludes that SNET's proposal violates the explicit provision of the 1996 Telcom Act.

Lastly, OCC claims that while the Company's proposal for NXX cost recovery is facially consistent with the January 17, 1996 Decision in Docket No. 94-10-02, the underlying cost causation premise supporting that Decision has now been shown to be false. According to OCC, there are no administrative variable costs for assignment of an NXX, and therefore, the Department should not accept SNET's NXX proposal on the premise that its NXX administration costs are proportional to the number of new NXXs assigned or caused by CLEC requests for new NXXs. OCC Brief, pp. 13-17; OCC Reply Brief, pp. 6 and 7.

4. Contribution Levels

OCC states that SNET seeks contribution levels of [PROPRIETARY] or more. OCC recommends that the Department reject SNET's proposed contribution because it is both excessive and inconsistent with the 1996 Telcom Act's provision on the pricing of interconnection services. OCC recommends that the Department adopt 15% as an appropriate benchmark for reasonable profit.

In support of its recommendation, OCC states that SPLNP, NXX Administration and E-911 are all essential inputs to the provisioning of local service by CLECs and that excessive levels of contribution to SNET will unreasonably and unnecessarily inflate rates for these services and impede competition. OCC recommends that the Department scrutinize SNET's proposal for essential service rates to ensure that they are reasonable and foster competition. OCC also recommends that the Department deny SNET's attempt to extract monopoly rents from the CLECs for services that in its opinion, are clearly critical both to the success of local competition as well as to the welfare and safety of Connecticut consumers.

Regarding the 1996 Telcom Act's requirement that ILECs' interconnection rates be based on cost and include a reasonable profit, OCC argues that since SNET uses TSLRIC methodology in calculating the proposed services' cost, the TSLRIC study already includes elements for both cost and a reasonable profit. OCC also argues that because the TSLRIC study includes a profit element, TSLRIC alone meets the 1996 Telcom Act's specification that interconnection services be based on cost and include a reasonable profit. OCC argues that Section 251(d)(1)(A) of the 1996 Telcom Act does not authorize any level of contribution, and urges the Department to limit SNET's contribution, not to exceed 15%, to the reasonable profit specified in the 1996 Telcom Act. OCC Brief, pp. 17-21; OCC Reply Brief, pp. 7 and 8.

C. AT&T COMMUNICATIONS OF NEW ENGLAND (AT&T)

AT&T objects to SNET's proposed tariff and recommends that it be rejected. According to AT&T, SNET's proposed tariff is fatally flawed because its cost data is insufficient to provide for a thorough review, analysis and evaluation of the proposed interconnection rates, a violation of the Department's long-standing and specific instructions regarding SNET's cost studies. AT&T argues that the proposed interconnection service tariff's terms, conditions and rates and charges are anticompetitive and will hinder competition. Additionally, AT&T argues that SNET's proposed costing and pricing methodologies for SPLNP and directory customer guide services are also flawed. Based on these deficiencies, AT&T recommends that the Department reject SNET's proposed interconnection tariff, require SNET to submit detailed cost support information for its proposed rates as soon as practical, and revise its proposed terms and conditions. AT&T January 18, 1996 Comments, pp. 1-3.

1. Interconnection Arrangements

AT&T maintains that SNET's cost support is insufficient to allow thorough review and analysis of its proposed rates, a violation of Department directives. Specifically, SNET has provided little cost support detail concerning its assumptions, methodology, calculations or underlying cost support used to derive the monthly costs. AT&T also maintains that SNET has provided no justification for the level of contribution applied to its costs to determine the proposed interconnection rates. Additionally, AT&T contends that SNET has failed to provide even rudimentary information to permit independent evaluation of both the methodology used and the results of its studies. AT&T recommends that the Department direct SNET to file cost support for its filing which complies with the Department's directives. AT&T January 18, 1996 Comments, p. 4.

2. E-911 and 900 Blocking Services

AT&T argues that SNET's proposed contribution levels for its E-911 trunk ports, SPLNP, NXX administration and 900 Blocking are excessive and should not contain large amounts of contribution. AT&T maintains that these services address public interest issues, and that SPLNP and NXX administration are essential for telecommunications competition to develop. AT&T also maintains that these services' rates should be based on cost plus a minimal level of contribution. According to AT&T, including an excessive amount of contribution in these interconnection rates would increase the entry costs of facilities-based providers who will be required to install their own networks and/or purchase loops and ports from SNET in order to provide local service. Therefore, AT&T recommends that no more than a 15% markup be added to the costs of SNET's interconnection services because it is reasonable and required by the Decision in Docket No. 94-10-02. AT&T January 18, 1996 Comments, pp. 10 and 11; Salvatore Testimony, pp. 11 and 12.

3. SPLNP

AT&T contends that SNET's proposed SPLNP rates are excessive and violate the Department's Decision in Docket No. 94-10-02. In particular, AT&T maintains that SNET's proposed $4.50 per number charge for single call porting and the $2.50 additional path charge are excessive and have been derived using a flawed methodology. AT&T argues that the proposed per number charge does not distinguish between porting provided via remote call forwarding and porting using direct inward dialing (DID) trunks. AT&T states that the availability of both of these types of number portability were provided for in the Unbundling and Resale Stipulation (Stipulation) agreed to by SNET and the other parties in Docket No. 94-10-02 and approved by the Department in the January 17, 1996 Decision. According to AT&T, this unified per number local portability charge should be bifurcated into distinct charges - remote call forwarding and a separate DID trunking charge. AT&T maintains that having a separate rate for each of the two different porting methods will allow CLECs to order and pay for the method of number portability which best suits their needs.

Additionally, AT&T recommends SNET be required to provide underlying cost support consistent with the Department's directives for each charge. AT&T states that RCF and DID trunking are very different means of porting calls and their costs will vary. In AT&T's view, the rates for each type of porting should accurately reflect the cost to provide the particular porting method selected. AT&T also states that the same software application is used to provide both custom calling features to end-users and number portability to CLECs, and, therefore, the cost to provide both should be the same.[13] However, SNET's studies show the cost of RCF to be greater than its cost of providing call forwarding to its end-users. AT&T contends that there does not appear to be any reasonable justification for this disparity and that SNET should be required to use the same cost estimates provided in its previous cost studies, which are lower than those presented during this proceeding. AT&T states that alternatively, SNET should be required to show why there is a cost difference in providing RCF to end-users versus providing this service for the purpose of number portability. In particular, AT&T compares SNET's proposed SPLNP charge of $4.50 per number, to the end-user RCF rate of $3.50, and a wholesale rate of $2.50. AT&T recommends that the RCF costs used in the setting of SPLNP rates be based on those costs provided by SNET in Dockets No. 95-06-17 and 95-03-01. AT&T also recommends that SNET's proposed charges for additional SPLNP paths be eliminated. AT&T January 18, 1996 Comments, pp. 5-9.

AT&T also objects to SNET's proposed SPLNP rates because they are greater than those charged for the same service in other jurisdictions. According to AT&T, SNET's proposed rates for RCF used to provide number portability are higher than the charges established in other states for the same service. AT&T states that LNP rates have been implemented nationwide within the $1 to $2 range. AT&T cites as an example Florida, where LNP is offered with a recurring rate of $1 per line and $0.50 for each additional path, with a non-recurring rate of $10, and Michigan, where an interim number portability rate was set at Ameritech's incremental cost of $1.14 per line with a rate of $0.50 for each additional path. AT&T claims that SNET has attempted to justify its higher LNP rates (when compared to other LECs) by suggesting that it needs to recover transport costs associated with porting calls from its switch to the CLEC's switch. AT&T argues that there is no difference in the cost studies among the jurisdictions based on the fact that certain LECs are obligated to remit access charges to CLECs. AT&T argues that there should not be any difference since there is no relationship between the entitlement to access charges and the costs associated with interim number portability through remote call forwarding. AT&T also disagrees that SNET's transport costs explain the vast difference in their cost studies from those in all other jurisdictions. AT&T cites Michigan and Illinois cost studies and contends that transport costs were also included in those studies and neither approaches the results in Connecticut.

According to AT&T, the cost of interim LNP has no relevance to access charges because local number portability is independent of access. AT&T contends that SNET is recovering the cost of the transport and tandem switching that it performs while the

---

[13] SNET disagrees with AT&T's comparison of the proposed SPLNP and Call Forwarding. According to SNET, AT&T's comparison is incorrect because the costs are different for wholesale Call Forwarding Variable than for RCF and SPLNP. SNET states that the cost for wholesale Call Forwarding Variable as well as the retail Call Forwarding service do not recover the costs associated with transporting the call to a CLEC or the costs of non-traffic and shared switching resources. SNET contends that with the provision of Call Forwarding Variable, these costs are recovered in rates for local and toll services. Wimer Rebuttal Testimony, pp. 7 and 8.

CLECs will recover their costs for terminating the calls. AT&T also contends that while there is no relationship between switched access costs and the cost for LNP, the real issue is SNET's overpricing of its interim number portability feature and SNET's suggestion that the access revenues which the CLECs will be receiving, will result in no harm. AT&T argues that SNET's proposed SPLNP rates are too high due to its high transport costs. AT&T maintains that this is not the incremental costing contemplated by the 1996 Telcom Act, and SNET should not be allowed to use this as an opportunity to recover lost access revenues.

Additionally, AT&T is not persuaded by SNET's argument that a unique mix of switches forms the basis for the difference in its costs, and proposed SPLNP rates when compared to those adopted in other states. AT&T testified that in Florida, GTE submitted an RCF cost study which is comparable to the SNET study; the study was based on a similar mix of the two switch types used by SNET in its study. AT&T contends that even though Florida GTE was more heavily weighted with the use of the more expensive switch, Florida GTE's transport costs were lower than those proposed by SNET. AT&T states that since the Florida GTE study contained a comparable switch mix, and used the same costing model and since the terminating access rates are being passed along to the CLECs in Florida, it is sufficient to establish that SNET's cost study is flawed.[14] Accordingly, AT&T recommends that the Department consider the use of the Florida GTE study as the basis for establishing the cost of SPLNP in Connecticut.

Further, AT&T argues that SNET's proposed charge of $2.50 for the additional path is unnecessary. AT&T asserts that no cost support for the additional path was provided by SNET, nor was a forecast for costs for first versus second path provided because SNET was unable to project usage. As stated previously, AT&T claims that SNET's cost data is insufficient to allow a thorough review, analysis and evaluation of SNET's proposed interconnection rates which is in violation of the Department's directives concerning SNET's cost studies. According to AT&T, this failure has general application with respect to all cost support submitted by SNET in this docket, but especially with regard to the subsequent path. AT&T contends that SNET cannot justify a proposed rate of $2.50 for subsequent paths for interim number portability and that this rate is more than double that for first paths approved in other jurisdictions. AT&T concludes, therefore, that there should be no charge for the second path. AT&T Brief, pp. 6-14.

AT&T also argues that there is a conflict between the 1996 Telcom Act and the Department's Decision in Docket No. 94-10-02.[15] According to AT&T, §251 (3)(2) of the 1996 Telcom Act requires that the cost of establishing telecommunications numbering

---

[14] SNET maintains that other than relying on the figures expressed in the alleged cost study, AT&T did not perform a detailed analysis and comparison of GTE's costs with those of SNET.

[15] SNET disagrees. SNET states that the 1996 Telcom Act's requirement that all carriers share in the costs of number portability refers to a long term number solution. SNET also states that the Department's Decision in Docket No. 94-10-02 requiring only those carriers who make use of the interim number portability solution to pay for it is competitively neutral and consistent with the 1996 Telcom Act. Wimer Rebuttal Testimony, pp. 4 and 5.

administration arrangements and number portability be borne by all telecommunications carriers on a competitively neutral basis as determined by the Commission. AT&T argues that there is a conflict between the 1996 Telcom Act and the Department's Decision in Docket No. 94-10-02, relative to cost recovery for the implementation of interim number portability. In particular, AT&T points to that portion of the January 17, 1996 Decision in Docket No. 94-10-02 requiring that only those carriers requesting an interim LNP arrangement be responsible for the costs until a permanent solution is adopted.

AT&T also objects to the contribution included in SNET's proposed SPLNP rates. According to AT&T, interconnection services such as SPLNP are essential services required by CLECs to compete on a level playing field in the local marketplace. AT&T maintains that setting SPLNP rates at or near cost will allow all telecommunications carriers who share in its implementation costs to pay the lowest possible prices for SPLNP and still compensate SNET for the costs it incurs to provide the service. AT&T contends that including excessive amounts of contribution in SPLNP rates will only add to the entry costs of facilities-based providers who must install their own networks and/or purchase loops and ports from SNET in order to provide local service. AT&T asserts that the contribution that SNET is seeking for local number portability is not based on facts which justify the cost recovery proposed by SNET. Rather, according to AT&T, SNET has set an arbitrary percentage based on similarly situated services and applied it to an equally arbitrary and unsubstantiated total cost of overhead. AT&T argues that the Department has properly adopted the TSLRIC costing methodology which already includes a return on equity in its cost factor. Consequently, the Department should not allow an unsupported markup for contribution as well as return on equity. However, in the event the Department determines that a contribution is to be recovered, AT&T recommends that it be reasonable, in an amount not to exceed 15%. Salvatore Testimony, pp. 3-8;.AT&T Brief, pp. 14-18; AT&T Reply Brief, pp. 1-3.

4. Customer Service Guide

AT&T is of the opinion that SNET's proposed CSG rate violates the Department's Decision in Docket No. 94-10-02 because SNET has not provided information concerning what it charges itself to place information in its White and Yellow Page directories.[16] Rather, AT&T believes that SNET's proposed rates are based on its estimated cost to provide the service, plus an excessive amount of contribution, which

[16] AT&T also disagrees with SNET's proposal to impute to itself the prices that it charges CLECs for directory customer guide services. AT&T states that a commitment to impute the price is not a satisfactory alternative to offering CLECs the same prices it charges itself for a comparable service because it has not described how it will impute the prices of the CLEC customer guide services into its own retail service prices, nor has it indicated to what services these prices would be imputed. Additionally, AT&T disagrees with SNET's proposal because even if SNET could develop a detailed imputation methodology for CSG rates, a requirement to impute CLEC customer guide rates into its retail prices does not mean that SNET is actually charging itself the same rate it charges CLECs for the service. Salvatore Testimony, pp. 10 and 11.

is in violation of the directive established by the Department for pricing guide services.[17] AT&T recommends the Department reject SNET's methodology and require SNET to demonstrate what it pays to place information in its directories and charge the CLECs the same rate. AT&T January 18, 1996 Comments, pp. 9 and 10; Salvatore Testimony, pp. 8-11; AT&T Brief, pp. 21-25; AT&T Reply Brief, pp. 3 and 4.

5. Tariff Terms and Conditions

AT&T claims that other terms and conditions in the proposed tariffs unduly restrict CLECs' flexibility and will unnecessarily add to their costs to compete in the local marketplace. AT&T contends that the following terms and conditions are anticompetitive and should be rejected.

a. Section 18.3, p. 18-7.

Section 18.3 of the proposed tariff provides in part: "when converting existing Centrex-like service to WLS-B, telephone number changes may be necessary." AT&T argues that SNET has not offered any explanation for this provision and sees no technological limitation that would restrict Centrex customers from keeping their existing telephone numbers when moving to CLEC local service provided through resale.[18] AT&T states SNET should be required to show why, and in what instances, Centrex customers cannot retain their existing telephone numbers when moving to a CLEC's local resale services, or be directed to remove this provision from the interconnection tariff.

b. Section 18.6.3, p. 18-58, footnote.

Section 18.6.3, footnote**** of the proposed tariff requires a $65.00 non-recurring charge (NRC) be applied when the customer's end-user does not have existing local service from SNET, or when converting from Centrex-type service to plain old telephone service (POTS). A $37.86 NRC would be imposed when a SNET business customer changes service. AT&T argues that SNET has not provided justification which supports the higher NRC for a customer converting from Centrex to POTS than for a business customer changing service. AT&T recommends that SNET be required to justify the higher NRC or set the rate equal to the NRC imposed on its retail business customers when changing service.

---

[17] SNET maintains that its proposed customer guide page rates are reasonable. While acknowledging that the CSG percentage mark-up on cost is higher than other services proposed in this proceeding, SNET claims the proposed CSG rate is economical in comparison with other advertising media rates. Wimer Rebuttal Testimony, pp. 20 and 21.

[18] SNET contends that Centrex numbers are handled as a group which cannot be subdivided. SNET states that if all the numbers in a Centrex group are removed, then the CLEC can choose to purchase SPLNP on one or more of the former Centrex numbers. SNET also states that if some of the lines remain Centrex lines with SNET, all the numbers must remain Centrex numbers and are not available for SPLNP. According to SNET, this limitation applies equally to its retail Centrex customers who may move a portion of its service away from Centrex to another service. In those cases, the end-user is required to take a new number for the service. Wimer Rebuttal Testimony, pp. 11 and 12.

c. Section 18.5.2.4, p. 18-32.

Section 18.5.2.4 of the proposed tariff provides in part: "Busy Line Verification, Busy Line Interrupt, Calling Card, Collect, Bill to Third and other non-sent paid services are not available with SPLNP service." AT&T states that the inability for these services to work under SPLNP constitutes a substantial disincentive for residential and business customers to switch from SNET to CLEC. AT&T contends that it is not aware of any technological limitations that would prevent these services from working under SPLNP, although some modification may be required to SNET's existing processes. Additionally, AT&T states that it is willing to work with SNET to overcome these obstacles and suggests that the Department require SNET to enter into such negotiations.

d. Section 18.5.5.5, paragraph 6.

Section 18.5.5.5 of the proposed tariff provides in part ". . .SNET, at its sole discretion, retains complete editorial control regarding content and design of the Customer Service Guide." AT&T, while acknowledging SNET's concerns with respect to publishing its listings, believes that the Department should require SNET to work with CLECs to achieve reasonable, mutually agreeable content and design parameters for customer information placed in the customer service guide sections of the White and Yellow Pages. AT&T January 18, 1996 Comments, pp. 11-14; Salvatore Testimony, pp. 12-16; AT&T Brief, pp. 25-27.

D. Cablevision Lightpath - CT (Lightpath)

Lightpath states that SNET's proposed tariff fails to comply with the Department's prior decisions and would frustrate the goals of Public Act 94-83 if approved. Lightpath also states that SNET's proposed rates appear to be based on cost analyses rejected by the Department in Docket No. 95-06-17 and recommends SNET not be permitted to rely on the same cost studies rejected in that earlier Decision. Lightpath argues that SNET has disregarded the Department's requirements relative to established parameters for providing physical interconnection and seeks to rely on an unjustified switched access structure for pricing interconnection that will thwart development of a network of networks infrastructure. Lightpath also argues that SNET's proposed tariff seeks to impose unreasonably excessive rates on CLECs for number portability and NXX assignment. Lastly, Lightpath claims that SNET has developed its CSG publication deadlines in a manner that will unnecessarily restrict CLEC near term participation in the publications. Accordingly, Lightpath recommends that the Department reject SNET's tariff and direct SNET to refile rates, terms and conditions consistent with prior Department Decisions. Lightpath also recommends that the Department direct SNET to provide cost studies and supporting documentation providing the same degree of detail as those required to be resubmitted in Docket No. 95-06-17. Lightpath Comments, pp. 2-4.

1. Interconnection Arrangements

Lightpath argues that SNET's proposed interconnection tariff does not include terms, conditions or charges for physical meet-point or two-way trunking arrangements. Lightpath claims that SNET's proposed interconnection tariff establishes one-way trunking as the general arrangement, and relegates two-way trunking arrangements to negotiations in individual cases, contrary to the Department's January 17, 1996 Decision in Docket No. 94-10-02. This, according to Lightpath, is an attempt to further delay establishment of physical, economically efficient interconnection arrangements, and is an effort to increase CLECs' operation costs. Lightpath recommends that the Department reject SNET's tariff proposal, and require it to refile its interconnection tariff with rates, terms and conditions for two-way trunking arrangements as required by the Decision in Docket No. 94-10-02.

Lightpath also objects to SNET's proposed physical interconnection rates. According to Lightpath, SNET's proposed rates are excessive and should be denied. Lightpath recommends, therefore, that the Department reject SNET's use of a switched access interconnection rate structure for co-carrier interconnection arrangements. Lightpath maintains that co-carrier network interconnection rates should be established consistent with the December 20, 1995 Decision in Docket No. 95-06-17 and not based on some non-cost based similarities in the types of traffic to be carried over the facilities. Lightpath asserts that SNET's proposed interconnection tariff will increase CLEC operational costs and will thwart the goals of the Department and Public Act 94-83. In Lightpath's view, SNET's proposed pricing of its interconnection arrangements without regard to cost unreasonably discriminates between actual and potential providers of local service. Accordingly, Lightpath recommends that SNET be directed to file terms and charges for two-way trunking and provide cost-based rates for physical interconnection. Lightpath claims that without imposition of these requirements, SNET will persist in unreasonably delaying the introduction of services essential to promoting a multi-provider telecommunications market in Connecticut. Lightpath Comments, pp. 4-8.

2. SPLNP

Lightpath states that SNET's proposed SPLNP rates will restrict competition, are excessive and should be rejected. While Lightpath accepts SNET's proposal for a flat monthly rate for SPLNP, it asserts that the monthly charge should be based on the incremental cost per translation, multiplied by the estimated number of calls ported in a month by residential and business customers. Under this costing scenario, Lightpath claims that the appropriate SPLNP flat rate is approximately $0.50 per month per line number for residential number portability and $1.00 per month per line number for business number portability.[19] Lightpath contends that SNET's proposed SPLNP rate exceeds industry estimates of incremental cost for number portability, as well as number portability rates adopted in other jurisdictions.

[19] Lightpath bases these charges on the assumptions of 500 calls per month for residential customers and 1,000 calls per month for business customers at $.005 per translation.

Additionally, Lightpath disagrees with SNET's proposal to apply a flat rate charge on a per path basis. Lightpath maintains that if SNET is permitted to impose charges on a per path basis, CLECs will be priced out of the market. Lightpath further maintains that the costs to provide number portability do not support charges on a per path basis. According to Lightpath, imposition of a flat rate, applied on a per line or per number basis, is consistent with number portability rates established in other jurisdictions (e.g., Maryland, California and New York).

Lightpath suggests as an alternative to the recovery of interim number portability costs adopted by the Department in its January 17, 1996 Decision in Docket No. 94-10-02, that an annual surcharge on CLECs be imposed. Lightpath states that such an approach has been adopted by the New York Public Service Commission (NYPSC). Lightpath claims that under the NYPSC policy, the ILEC absorbs a portion of the costs with the remaining carriers responsible for the balance paid in the form of an annual surcharge based on the number of calls forwarded to each carrier. Therefore, based on the above, Lightpath recommends that the Department reject SNET's proposed SPLNP rates and adopt either a monthly, flat rate, per line number charge or an annual surcharge similar to that adopted by the NYPSC. Lightpath January 18, 1996 Comments, pp. 8-12.

3. NXX Administration

Lightpath asserts that SNET's NXX administration proposal will burden new NXX code assignees with inappropriate costs and that SNET has not provided sufficient cost support to justify its proposed rates. According to Lightpath, SNET's estimated NXX administration cost ignores any relationship to ongoing costs associated with the administration of NXX codes currently assigned and that any costs incurred that serve to benefit all holders of NXXs, should be borne by all NXX assignees. Lightpath contends that it is unfair and competitively inequitable for new market entrants to bear all future (and possibly past) costs of NXX administration. Consequently, Lightpath recommends that SNET's proposed NXX administration rates be rejected.

Lightpath also argues that SNET's proposal to require carriers to exhaust a NXX resource (10,000) before another NXX resource will be assigned is unfair. Lightpath claims that allowing such a restriction to be imposed would interfere with the Department's policy of permitting each respective provider to designate its own local calling areas. Lightpath suggests that designation of separate NXX codes for each local calling area may be necessary. Lightpath January 18, 1996 Comments, pp. 12-14.

4. Customer Service Guide

Lightpath claims that SNET's proposed CSG tariff offers little information regarding publication of additional CLEC information other than the charges that would be imposed. Lightpath also claims that the CSG charges are unsupported by SNET's filing, and that CLECs should not pay any more than SNET does for the same service. Additionally, Lightpath objects to SNET's requirement that CLECs provide SNET with their information 18 months in advance of the directory's publication. According to Lightpath, an 18-month lead time for receipt of directory information is unreasonable. Lightpath recommends CLECs be required only to meet the same publication closing date deadlines required of SNET, because any closing date deadline requirement earlier than SNET's would have anti-competitive consequences. Lightpath January 16, 1996 Comments, pp. 14 and 15.

E. MCI TELECOMMUNICATIONS CORPORATION (MCI)

MCI recommends that the Department order SNET to withdraw its proposed tariff and expeditiously resubmit a tariff with cost-based rates based on proper cost studies with sufficient supporting documentation. MCI claims that SNET's proposed tariffs are based on cost studies that do not adhere to the principles articulated in the December 20, 1995 Decision in Docket No. 95-06-17, do not contain proper documentation to support the proposed rates, and contain proposed rates for some critical services that are completely out of line with costs and rates approved in other jurisdictions.

MCI is also concerned with the instant tariff's proposed terms and conditions. For example, MCI is concerned with SNET's SPLNP proposal to charge on a per path basis; its failure to include meet-point billing arrangements in the proposed tariff; the requirement that new entrants purchase interconnection trunks from SNET; the degree of SNET's editorial control over new entrants' customer service guides; and SNET's mandate that new entrants purchasing unbundled loops from SNET be required to co-locate with SNET. MCI January 16, 1996 Comments, pp. 1-4.

1. E-911

MCI objects to a mark-up over costs for SNET's proposed E-911 rates and recommends that such a mark-up be rejected. MCI claims that the proposed mark-up is extraordinarily high and cannot be justified on the basis of a reasonable recovery of overhead. According to MCI, interconnection with the E-911 system is a critical component of interconnection and is essential to public safety and should not be a means for SNET to generate excessive profits. Geisy Testimony, pp. 17 and 18; MCI Brief, pp. 18 and 19.

2. SPLNP

MCI objects to SNET's proposed SPLNP rates because they are excessive and out of line with the LNP rates established or proposed in other jurisdictions. MCI attributes SNET's high SPLNP rates to problems with marginal costs. According to MCI, SNET's marginal cost is excessive when compared to the number portability/remote call forwarding costs reported in other jurisdictions.[20] MCI claims that

[20] MCI states that in Massachusetts, NYNEX reported a monthly recurring marginal cost of $0.57 for remote call forwarding. In Michigan, the established RCF/LNP rate is $1.14 per month, and was set at Ameritech's reported TSLRIC. MCI also states that in Illinois, Ameritech's proposed interim number portability rate of $3.00 per month is substantially above its cost.

SNET's incremental transport cost from its end office is based on many assumptions, e.g., ported usage data that may be overstated, and SNET's inclusion of maintenance costs and other expenses without backup material or support. MCI disagrees with SNET's claim that the differences in LNP rates between SNET and other LECs is primarily due to differences in technology mix (e.g., switch types) and that SNET has included transit costs as part of the cost mechanism. According to MCI, SNET has been unable to present the Department with any credible rationale to explain the differences in its reported costs versus the LNP costs of other LECs.

MCI also attributes the high SPLNP rates to SNET's application of a mark-up on top of the marginal cost. MCI states that the SPLNP TSLRIC upon which the mark-up is added, already contains a return on equity (ROE) component, which is essentially profit for SNET. MCI also states that SNET's proposed mark-up over cost is troubling given the essential nature of interim LNP to the development of local competition. MCI recommends, therefore, that SNET's SPLNP rate be set at TSLRIC and no more. MCI claims that prices set at TSLRIC would be consistent with the provision in Section 252(d)(1) of the 1996 Telcom Act which permits prices for unbundled elements, interconnection and collocation to include a reasonable profit. According to MCI, although SNET labels this mark-up as contribution and states it is intended to recover the Company's joint and common costs, SNET indicates that the contribution is not based on cost.

MCI disagrees with SNET's proposal to recover costs of interim number portability. According to MCI, the proposal is discriminatory and is at odds with the spirit of Public Act 94-83, the 1996 Telcom Act, and the Department's policies. MCI states that because all end-users, including SNET customers, will benefit from increased competition made possible by interim number portability, all telecommunications providers should share in the cost of providing the service, including SNET. MCI urges the Department to reject SNET's proposal to charge only new entrants for costs associated with interim number portability, and instead, implement a pooling mechanism similar to the one adopted in New York.[21] MCI claims that this approach is consistent with the policies and past decisions of the Department, the FCC and the policies underlying the 1996 Telcom Act. MCI also claims that so long as SNET can impose interim local number portability charges on new entrants, it will have every incentive to display exaggerated costs and to attempt to impose rates that are above those inflated costs. According to MCI, SNET's filing in this proceeding is an example of that incentive. MCI contends that if SNET had to share these costs, then it would have incentives to minimize costs involved.

MCI further objects to SNET's proposed SPLNP non-recurring charge. According to MCI, the most significant cost component that SNET reports is customer negotiation. MCI asserts that it is not clear from SNET's filing what it expects to be negotiating or why it would take as much time as SNET reports. Accordingly, MCI

[21] Specifically, the New York Public Service Commission ordered that all costs associated with interim local number portability would be pooled, and assessed against all local exchange carriers on the basis of each carriers' subscription of telephone numbers. MCI Brief, p. 5.

recommends that it be deleted from the interconnect tariff until such time as SNET justifies this cost item.

Based on the above, MCI recommends that SNET's SPLNP pricing proposal be rejected and that the Department order all LECs to share in the cost of interim local number portability. However, should the Department not adopt MCI's recommendation to reject SNET's SPLNP rates, MCI recommends that the Department establish the SPLNP rate at TSLRIC. Because in MCI's view, SNET's rates and underlying costs are so out of line with those costs presented by LECs and the rates adopted in other states, MCI contends that SNET's studies cannot be relied upon as a foundation for setting interim number portability rates. Therefore, MCI recommends that the Department adopt rates that are equal to those rates adopted by the Michigan Public Service Commission for Ameritech of $1.14 per number (with no additional charge per path) and no non-recurring charge.

Lastly, while MCI acknowledges that SNET's proposal to credit new entrants with CCL revenue and local switching revenue is correct, it is concerned with other related issues. For example, MCI argues that an IXC should not have to pay any more for switched access than a new entrant and that a CLEC should not receive less than its tariffed switched access rate. MCI states that while SNET is proposing to credit the CLEC with local switching and CCL revenue, it is not clear to MCI whether these credits will be sufficient. MCI also states that while SNET is willing to credit the CLEC with a portion of the switched access charges (CCL and some transport charges) it is unwilling to credit the CLEC with all of the RIC. MCI contends that SNET has no right to retain the RIC, and instead should flow it through to the CLEC along with the CCL. Geisy Testimony, pp. 7-17; MCI Brief, pp. 3-18; MCI Reply Brief, pp. 3-7.

3. NXX Code Administration

MCI also opposes SNET's proposed NXX charges and recommends that the Department order it removed from the Company's tariffs. MCI states that SNET has included as part of its NXX code administrative costs its 1995 payment to Bellcore. MCI asserts that this is incorrect because Bellcore's payment is for the administration of the entire 203 NPA, including all existing NXXs (those codes assigned to SNET and to new entrants). According to MCI, it is wrong to include the Bellcore cost that is related to all NXXs in the 203 NPA and recover these costs only from the new NXXs that are being assigned.

As an alternative to the SNET proposal, MCI recommends that SNET not be permitted to impose a charge for NXX codes, at least on the state level. MCI cites its NXX code administration experience in other states wherein no charges are imposed by the NPA administrator for these codes. MCI contends that in the event the Department decides to permit SNET to recover its administrative costs, the Bellcore costs should be either removed from the calculation or prorated to reflect the fact that these administrative costs benefit all existing NXX codes in Connecticut, including those codes currently held by SNET, Woodbury and NYNEX.

Lastly, MCI states that the 1996 Telcom Act provides the FCC with exclusive jurisdiction over the North American Number Plan, subject to possible delegation to the states, and requires that NXX administration costs be borne on a competitively neutral basis. MCI posits that it is possible the states lack jurisdiction over numbering issues, until the FCC delegates that authority to them. According to MCI, if this is the case, SNET's proposed NXX code charges are invalid. MCI concludes, therefore, that SNET does not have the authority to impose this charge on CLECs, and, as such, its tariff provision proposing to charge CLECs for NXX codes should be denied. Accordingly, MCI recommends that the Department not approve SNET's tariff for NXX code charges until the jurisdiction issue is resolved. Geisy Testimony, pp. 19 and 20; MCI Brief, pp. 19-21; MCI Reply Brief, pp. 7 and 8.

4. Customer Service Guide

MCI argues that SNET's proposed CSG charges are excessive, violate the Department's January 17, 1996 Decision in Docket No. 94-10-02 and should be rejected. MCI contends that the proposed CSG rates are based on SNET's estimated costs, plus an excessive mark-up that cannot be considered reasonable. MCI, while acknowledging that SNET will impute the prices it charges CLECs for CSG pages, maintains that this does not compensate for SNET's failure to comply with the Department's order. According to MCI, it is unlikely that SNET is charging itself the same exorbitant levels of contribution that it is proposing to charge CLECs. Therefore, MCI recommends that the Department require SNET to remove any mark-up over cost from the proposed tariff and direct SNET to provide the rate that it intends to charge itself or an affiliate for this service. MCI Reply Brief, pp. 13 and 14.

Additionally, MCI recommends that the Department reject SNET's proposal to charge CLECs $25.00 for a directory listing if the listing is not ordered in conjunction with a loop, port, or wholesale local exchange service. MCI claims that SNET's attempt to charge CLECs for directory listing discriminates against facilities-based competitors and is violative of the Decision in Docket No. 94-10-02 stating that SNET not charge CLECs for directory listings. According to MCI, SNET has offered no rationale why competitors who construct their own facilities should be required to pay the proposed record order charge to SNET, while subscribers to loops, ports and wholesale local exchange service would not. MCI cites the Stipulation in Docket No. 94-10-02 which provided that SNET would not charge to print CLECs customers' primary listings in the white and yellow page directories. MCI states that the stipulation draws no distinction between facilities-based and nonfacilities-based CLECs, and therefore concludes that SNET's attempt to charge some CLECs $25.00 for a directory listing is a flagrant violation of the stipulation and should be deleted from the proposed tariff. MCI Reply Brief, pp. 14 and 15.

5. Meet-Point Billing

MCI claims that SNET's tariff is silent on the issue of meet-point billing. MCI also claims that its affiliate, MCImetro, has attempted to negotiate a meet-point billing contract with SNET and has encountered many problems in so doing.[22] According to MCI, SNET has attempted to withhold MCImetro's NXX code activation request until a meet-point billing contract is signed. MCI believes this threatened delay is an attempt by SNET to use control over NXX code assignment to force MCImetro to sign an unfavorable meet-point billing contract.

Consequently, MCI requests that the Department order SNET to tariff meet-point billing arrangements, including any existing contract with adjacent LECs to ensure nondiscriminatory treatment.[23] MCI also requests the Department order SNET to justify all rates charged, including start-up or development costs (and explain why new development costs are necessary if SNET is already performing this function for Woodbury). Lastly, MCI requests the Department nullify that provision of the meet-point billing agreement signed by MCImetro and SNET pertaining to development costs until they are fully justified. Geisy Testimony, pp. 21-23; MCI Brief, pp. 21-26; MCI Reply Brief, pp. 8-12.

6. Directory Assistance

Based on problems arising from negotiations between MCImetro and SNET, MCI asserts that Directory Assistance (DA) Service should be made part of SNET's interconnection tariff.[24] MCI claims that it was forced to enter into an agreement with SNET to purchase DA, but did so only under protest so that it could become operational. MCI contends that the terms of its DA agreement are unfair and the rates charged excessive. MCI also contends that the DA rates it accepted as part of the agreement are much higher than the rate SNET charges IXCs essentially for the same service. MCI maintains the tariffing process will ensure nondiscriminatory treatment of all local exchange providers. MCI further states that SNET's refusal to tariff its DA service on an unbundled basis is in violation of the January 17, 1996 Decision in

---

[22] MCI defines meet-point billing as a process whereby a LEC (in this case SNET) would bill the IXCs for access for traffic destined for other LECs, and then remit (via a meet-point billing arrangement) access charges to the other LECs. Meet-points are those physical locations in the telephone company's transmission and distribution infrastructure where CLECs and others will be permitted to connect their infrastructure with that of the incumbent LEC. MCI states that this occurs because many IXCs will connect to new entrants via SNET's access tandem.

[23] SNET states that it intends to file the meet-point billing arrangement with MCI in the form of a noncompetitive customer service arrangement. SNET also states that this filing will include a tariff and cost support. Wimer Rebuttal Testimony, p. 19.

[24] SNET disagrees with MCI's request. According to SNET, there is no reason to tariff its Operator Services because it is competitive in that SNET's DA service is not the only available alternative to CLECs. SNET contends that if it were required to file tariffs with the terms, conditions and pricing for its services, it would be significantly disadvantaged in the market. SNET requests that it be treated equally to its competitors offering operator services and be regulated on the same terms and conditions. SNET states that since its competitors are not required to tariff their services, it should not be required to tariff its Operator Services. SNET also contends that even disclosure of the conditions of the contract with MCI would provide its competitors an advantage. SNET further argues against MCI's proposal as there are alternative competitive service providers, providing MCI with a choice of DA sources. Lastly, SNET states that its interstate rate no longer recovers its costs, and therefore is inappropriate for the provision of operator services to CLECs. Wimer Rebuttal Testimony, pp. 15 and 16.

Docket No. 94-10-02, and therefore requests that the Department require SNET to tariff its provisioning of DA services to new entrants. MCI also recommends that until SNET files tariffs in support of CLEC DA service, the Department should order SNET to modify the rates and charges in the agreement between MCImetro and SNET. Lastly, MCI recommends that SNET not be allowed to charge any higher than the $0.25 per call rate imposed in the interstate jurisdiction.

Further, MCI contends that the rates SNET will charge MCImetro for branding and for each time branding is changed are excessive given the small amount of work involved in branding and changing branding. Consequently, MCI requests that the branding charge be eliminated until SNET can justify the rate. Finally, MCI requests that SNET not be allowed to charge any higher than the $0.25 per call rate found in the FCC tariff. Geisy Testimony, pp. 24-26; MCI Brief, pp. 26-28 MCI Reply Brief, pp. 8-12.

F. MFS INTELENET OF CONNECTICUT (MFSI)

As discussed in greater detail below, MFSI finds SNET's proposal to be deficient in five different respects. First, MFSI believes SNET's cost study documentation is inadequate, because SNET has failed to submit cost support for some services. Second, MFSI objects to a number of SNET's proposed rates as excessive due to SNET's inclusion of unwarranted contribution, SNET's failure to allocate costs in accordance with law, and asserted costs that are far out of line with costs of LECs in other states. Third, MFSI objects to the proposed tariff because it imposes inefficient trunking arrangements (i.e., it does not contain provisions for two-way trunking or meet-point billing). Fourth, MFSI objects to SNET's proposed tariff because it permits SNET to withhold access charges from CLECs. Lastly, MFSI objects to SNET's proposed tariff because it omits a number of required features. Ball Testimony, p. 4.

1. Interconnection Arrangements

MFSI contends that SNET's proposed rates for network interconnection trunking are unsupported and excessive. According to MFSI, SNET seeks to charge the same rates for providing physical interconnection to CLECs that it charges for switched access of interconnection because both sets of trunks may carry intrastate toll and 800 traffic. MFSI claims that this is not an adequate basis for imposing highly contributory rates upon CLECs, particularly in light of Section 252(d)(1) of the 1996 Telcom Act, which requires that interconnection be priced on the basis of cost. MFSI acknowledges that access contribution has been justified as a means of requiring carriers that do not directly participate in offering universal service to contribute to any burden that SNET may incur in offering such service. However, MFSI states that this reasoning is inapplicable to CLECs, each of whom is required to participate directly in offering universal service. MFSI also states that given the encouragement that the Decision in Docket No. 94-10-02 provides to CLECs offering expansive local calling areas, the vast majority of the CLECs' use of these trunks will be for local calls, a use which the Department held in Docket No. 94-10-02 should not be subjected to highly contributory charges. Lastly, MFSI states that SNET concedes it has not filed cost studies with the Department to justify the proposed rates. Because of this failure, MFSI contends that the Department and its customers are completely in the dark as to the extent of contribution in the proposed rates.

MFSI also contends that SNET's proposed tariff requires inefficient trunking arrangements by precluding the CLEC from utilizing the same trunk for both (1) intraLATA traffic originated at the CLEC's end-user and (2) other types of traffic. MFSI defines other types of traffic as: intraLATA toll traffic of end-users served by another LEC that is carried by the CLEC pursuant to intraLATA presubscription; intraLATA traffic carried by a CLEC pursuant to an arrangement with a shared tenant service (STS) provider; interLATA traffic; and transit traffic. MFSI states that these imposed restrictions on combining traffic on the same trunk are inconsistent with the Department's Decision in Docket No. 94-10-02 which deferred such matters to the CLEC Working Group. MFSI maintains that these requirements are wasteful because CLECs will be required to pay for two trunks in numerous instances when the traffic could be carried on a single trunk. Such a requirement according to MFSI, could serve as a barrier to entry and inhibit competition. MFSI January 16, 1996 Comments, pp. 7 and 8; Ball Testimony, pp. 18-21; MFSI Brief, pp. 19-21.

Lastly, MFSI argues that SNET's proposed tariff does not include two-way trunking and tariffs for physical meet-points. MFSI recommends that it be tariffed with non-discriminatory, cost-justified rates. According to MFSI, a CLEC cannot enter the market unless it has a meet-point billing arrangement with SNET. MFSI states that since SNET already provides this service to Woodbury Telephone, it should be required to tariff the service and provide CLECs with this service at non-discriminatory rates. MFSI also states that SNET should not be permitted to assess entrants for start-up/development costs for a service that it is already offering. Additionally, MFSI maintains that since Woodbury Telephone receives the residual interconnection charge in its meet-point billing arrangements with SNET, CLECs likewise should receive the residual interconnection charge. MFSI January 16, 1996 Comments, p. 9; Ball Testimony, pp. 22 and 23; MFSI Brief, pp. 21 and 22.

2. SPLNP

MFSI claims SNET's proposed SPLNP rates are excessive because SNET's cost allocation methodology is inconsistent with that mandated by the 1996 Telcom Act. Specifically, MFSI claims that SNET's proposed cost allocation methodology requires that all costs be borne by the carriers whose customers have their calls forwarded through number portability. MFSI maintains that this conflicts with both the requirement of a competitively neutral cost allocation system and the 1996 Telcom Act's requirement that such costs be borne by all telecommunications carriers, including SNET, wireless carriers, IXCs and CLECs.[25] MFSI contends that this precludes any cost allocation methodology that limits costs to LECs, or one that focuses cost even more narrowly on carriers whose customers require the use of number portability. MFSI maintains that by

---

[25] MFSI argues that the conflicting cost allocation methodology adopted by the Department in Docket No. 94-10-02, which is relied upon by SNET, must give way to the Congressional methodology. MFSI Brief, p. 2.

forcing new entrants (who require number portability) and their customers to bear the SPLNP cost, SNET's tariff will increase costs for new entrants, while leaving SNET's costs untouched, thereby disrupting the competitive balance. By providing entrants with an economic disincentive to serve customers requiring number portability, MFSI claims that SNET's proposal would adversely impact the scope and scale of service offerings provided to number portable customers, compared to non-number portable customers, in conflict with Section 3(a)(46) of the 1996 Telcom Act which precludes impairment of quality, reliability, and/or convenience when switching from one telecommunications carrier to another.

As an alternative to SNET's cost allocation methodology, MFSI suggests the Department adopt a methodology similar to that used by the Department to support its Lifeline Program. MFSI asserts that this methodology would fairly allocate the Congressionally-mandated number portability costs among all telecommunications carriers, and would be competitively neutral. MFSI suggests that the LNP costs could be allocated among all local exchange carriers in proportion to their number of local exchange customers; however, MFSI notes that this would conflict with the language of the Act requiring that costs be distributed among all telecommunications carriers.

Additionally, MFSI argues that SNET's SPLNP proposal deprives CLECs of their rightful share of access charges. While acknowledging SNET's statement that it will flow end office switching and CCL access revenues through to the CLEC, MFSI argues that this would deprive CLECs of a substantial portion of access revenue that rightfully belongs to them pursuant to the January 17, 1996 Decision in Docket No. 94-10-02, the 1996 Telcom Act, and industry practice. MFSI states that the access charges that should be flowed through to the CLEC include the local transport facility charge, the local termination charge and the RIC.

Moreover, MFSI states that SNET's proposed SPLNP rates are excessive and such excessiveness is magnified by SNET's proposal to impose an additional $2.50 per additional path, and a non-recurring charge of $15. MFSI argues that there should be no mark-up above cost on this service because the SPLNP TSLRIC costs include a reasonable return on capital. When comparing SNET's proposed rates with those adopted in other jurisdictions, MFSI contends SNET's rates are out of line with those in other jurisdictions (Florida, Maryland, Michigan, Washington and Massachusetts). MFSI recommends, therefore, that the Department establish an interim per number rate (subject to a retroactive true-up, while it further investigates the cost issues.

Lastly, MFSI contends that the Department should require SNET to offer SPLNP immediately. MFSI maintains that SPLNP is indispensable to the commencement of local exchange competition in Connecticut, and, therefore, the Department should not allow deficiencies in SNET's cost data to deprive CLECs of this necessary service. MFSI states that given the requirements of the 1996 Telcom Act and SNET's failure to provide adequate cost studies, the proposed SPLNP tariff should be eliminated and documented costs allocated to all carriers. MFSI also states that, if the Department requires SPLNP users to bear SNET's entire costs, the Department should establish an interim per number rate (perhaps subject to retroactive true-up), while it further investigates the cost issues. MFSI concludes that it is important that interim number portability service be tariffed on either an interim or a permanent basis so that CLECs can enter the market. MFSI January 16, 1996 Comments, pp. 4 and 5; Ball Testimony, pp. 6-13, 21 and 22; MFSI Brief, pp. 2-13; MFSI Reply Brief, pp. 6 and 7.

3. E-911 Rates and Charges

MFSI disputes SNET's proposed E-911 charges because they contain excessive contribution, and recommends that the service be priced at cost. MFSI states that given the monopoly and public safety nature of E-911 service, there is no basis for SNET to earn a mark-up on the provision of this service. According to MFSI, these proposed charges appear to be designed to operate as a barrier to entry by facilities-based CLECs. MFSI January 16, 1996 Comments, p. 6; Ball Testimony, pp. 16 and 17; MFSI Brief, pp. 17 and 18.

4. NXX Administration

MFSI also believes SNET's proposed NXX administration charge is excessive and attributes the high rate to SNET's proposal to assign 47% of the costs of number administration to CLECs. MFSI argues that SNET's proposed cost allocation methodology is not supported by the Department's Decision in Docket 94-10-02 and conflicts with the 1996 Telcom Act.[26]

MFSI argues that SNET has changed its position on NXX administration cost recovery from that offered in Docket No. 94-10-02, (i.e., in that NXX code administration costs be based on the number of new NXX codes assigned). According to MFSI, SNET's current position is that NXX administration costs are unaffected by CLECs requesting new NXXs. MFSI concludes that SNET should not be compensated for NXX administration costs. However, if SNET is compensated, MFSI suggests that it be compensated on the basis of the total number of NXXs assigned to each carrier, including NXXs assigned in previous years. MFSI January 16, 1996 Comments, p. 6; Ball Testimony, pp. 13-15; MFSI Brief, pp. 13-15; MFSI Reply Brief, p. 4.

MFSI maintains that SNET's proposed NXX administration tariff conflicts with the 1996 Telcom Act which requires numbering administration costs to be borne by all carriers on a competitively neutral basis. MFSI states that under the 1996 Telcom Act, SNET is under a duty to permit competing providers to have nondiscriminatory access to telephone numbers. According to MFSI, a cost allocation based upon the issuance of new NXXs is neither competitively neutral nor nondiscriminatory because SNET has

[26] SNET agrees that the 1996 Telcom Act requires NXX administration costs to be borne by all telecommunications carriers on a competitively neutral basis. SNET believes that its NXX administration cost recovery proposal is consistent with that requirement as well as with the Department's Decision in Docket No. 94-10-02, in that all LECs and CLECs are treated equally. SNET contends that the MFSI NXX cost recovery proposal and MCI recommendations are not consistent with the Decision in Docket No. 94-10-02. According to SNET, both MCI and MFSI are resurrecting the same arguments already rejected by the Department in Docket No. 94-10-02. Wimer Rebuttal Testimony, pp. 12 and 13.

a much larger supply of unassigned numbers within its previously assigned NXXs than do CLECs. MFSI suggests, therefore, that SNET's proposed cost allocation methodology (which would transfer a disproportionate share of NXX administration costs to new entrants) can only be viewed as an anti-competitive barrier to entry which is inconsistent with Federal requirements. MFSI Brief, pp. 15 and 16. Moreover, MFSI contends that SNET's proposal fails to comply with the 1996 Telcom Act because it exempts interexchange carriers from participation in cost recovery.

5. Customer Service Guide and Directory Listing Charge

MFSI objects to SNET's proposed CSG rates arguing that they contain excessive contribution. MFSI also objects to SNET's proposed Directory Listing Charge (DLC) because according to MFSI, such a charge is prohibited by the Department's Decision in Docket No. 94-10-02 and appears to be designed to function as an entry barrier for facilities-based CLECs. MFSI further objects to SNET's proposed DLC on the grounds that Congress explicitly included directory listings as one of the services to which LECs are required to provide nondiscriminatory access to competing providers under Section 251(b) of the 1996 Telcom Act.

MFSI states that in its Decision in Docket No. 94-10-02, the Department required SNET to offer CSG to CLECs at the same rates as SNET or a SNET affiliate. According to MFSI, in violation of this directive, SNET has failed to offer information as to the rates it will charge itself for guide pages. In the absence of this information, MFSI recommends that SNET be required to provide the service at its cost, which already includes a profit. In support of this recommendation, MFSI states that Congress specified that network elements offered by incumbents be priced based on cost, including a reasonable profit. MFSI argues that because SNET has not provided sufficient cost support for this service, MFSI does not believe that SNET's costs approach the proposed $25 charge. MFSI cites as support for its belief NYNEX's one time charge of $5 to list MFSI customers in the New York and Massachusetts directories.

Finally, MFSI objects to SNET's proposed CSG tariff because it would provide the Company with total control over the content and design of its competitor's design information. MFSI recommends that SNET be required to work with CLECs to achieve reasonable mutually agreeable content and design parameters. MFSI January 16, 1996 Comments, p. 5; Ball Testimony, pp. 16-18; MFSI Brief, pp. 16-19.

6. Service Costs

MFSI argues that several of the proposed services do not contain cost studies that have a readily discernible audit trail. Moreover, MFSI contends that SNET has not delineated TSLRIC from the proposed contribution.[27] MFSI cites as examples, SNET's proposed network interconnection trunking rates and its proposal to charge facilities based CLECs $25.00 for a directory listing not tied to a SNET loop, port, or wholesale service. MFSI argues that MFSI and SNET's other customers should not be required to

[27] MFSI notes that in the Decision in Docket No. 95-06-17, the Department directed SNET to submit sufficient documentation so that every step of the analysis can be replicated and all source data used be provided and documented to the degree that an audit trail is readily discernible. This directive also included delineating TSLRIC from proposed contribution. Docket No. 95-06-17 Decision, p. 77. In response to MFSI, SNET states that it provided additional cost support in its revised February 5, 1996 cost filing. According to SNET, all cost inputs and outputs, internal worksheets as well as subject matter experts' inputs used in the worksheet calculations were provided. SNET also claims that the only data not provided was that data determined by Bellcore to be vendor proprietary. Wimer Rebuttal Testimony, pp. 21 and 22.

accept its proposed rates on blind faith. MFSI January 16, 1996 Comments, pp. 1-3; Ball Testimony, pp. 4-6.

G. NEW ENGLAND CABLE TELEVISION ASSOCIATION (NECTA)

NECTA recommends that the Department disallow SNET's proposed SPLNP, NXX code administration and CSG on the grounds that they have been excessively priced. NECTA urges the Department to direct SNET to file compliance tariffs in accordance with Department directives requiring that rates be based on cost, plus a return on investment, consistent with recommended pricing standards of the 1996 Telcom Act. Lastly, NECTA recommends that SNET be directed to support its future tariff filings based on cost data that can be fully reviewed by all parties.

NECTA maintains that SNET's proposed interconnect tariff prevents facilities-based competition from benefiting consumers. NECTA contends that the more SNET is allowed to charge CLECs for network element services, the more difficult it becomes for facilities-based CLECs to compete, even where they are able to construct and operate more efficient networks. According to NECTA, as long as SNET can use network element service charges to erase cost efficiencies that competing facilities-based providers are able to create through their own networks, SNET's own network inefficiencies will remain unaffected by the forces of facilities-based local exchange competition. NECTA claims that its pricing recommendations and those of OCC and other competitor parties are consistent with the pricing standards of the 1996 Telcom Act, easier for the Department to apply than those proposed by SNET, and do not frustrate the intent of the Connecticut General Assembly and Congress that facilities-based local exchange competition spur SNET to improve its efficiency and position itself to offer lower prices to consumers. NECTA Brief, p. 2; NECTA Reply Brief, pp. 3-5.

1. SPLNP

NECTA argues that SNET's proposed SPLNP rates are unsubstantiated and excessive while cost data is deficient and unreviewable. NECTA states that it is principally concerned with SNET's failure to justify its own cost inputs and those supplied by Bellcore as the basis for its tariff proposal. NECTA contends that SNET's development of underlying costs together with its proposed mark-up has not been fully identified in its submissions, making it impossible for parties to fully address the propriety of SNET's claimed costs. NECTA recommends that the Department reject SNET's SPLNP pricing and instruct it to develop and file cost data independent from Bellcore or Bellcore-supplied information which could be provided to all parties.

In NECTA's view, SPLNP should be priced at cost, including a return on investment without contribution to SNET's joint and common costs, which is consistent with the 1996 Telcom Act. NECTA contends that loading more contribution into the pricing of SPLNP, as proposed by SNET, frustrates the ability of CLECs to compete with SNET for end-user customers because high costs for number retention will discourage end-user movement or force CLECs to absorb losses in order to gain market share.

Additionally, NECTA contends that the inferior quality of SPLNP serving arrangements warrants charges based on cost, without additional contribution. NECTA maintains that the lack of a comparable service end-users require in order to retain their telephone number when changing service providers belies SNET's claim that its service will enable CLECs to provide seamless local telecommunications service. According to NECTA, the lack of seamlessness when it comes to serving arrangements involving SPLNP is another reason why this non-competitive network element service should not be priced to include contribution above cost.

NECTA further argues that SPLNP rates should not recover SNET transport costs, which are rightfully recovered from other SNET services. NECTA claims that SNET has failed to justify the inclusion of these costs, and, therefore, they should not be recovered through the SPLNP charge. NECTA Brief, pp. 3-7.

2. NXX Administration Costs

NECTA claims that the proposed NXX administration charges are excessive because they over assign costs to applicants for new NXX assignments and fail to allocate costs on the basis of all NXX codes assigned. NECTA asserts that NXX administration costs should be allocated based on a carrier's proportionate share of the total number of NXXs assigned, both old and new. Additionally, NECTA supports Section 251(e)(2) of the 1996 Telcom Act which directs the cost of numbering administration arrangements to be borne by all telecommunications carriers on a competitively neutral basis as determined by the FCC. NECTA states that the charges applicable to parties seeking to reserve NXX codes are dramatically reduced when existing NXX code assignments are considered in the allocation of costs for NXX administration ratemaking purposes. On the other hand, NECTA states that loading NXX administration costs on the CLECs based on the number of new NXX codes assigned creates a significant economic mismatch between cost causation and tariff levels that unfairly burden CLECs.

In addition, NECTA contends that SNET's failure to adequately isolate costs associated with administration of new NXXs prevents the Department from approving a charge based on the recovery of the Company's claimed NXX administration costs. NECTA also contends that SNET overstated the appropriate level of the charge by including in its underlying NXX administration costs, costs which are not associated with or caused by the administration of new NXX code assignments. Accordingly, NECTA recommends that SNET's proposed NXX administration charge be disallowed. NECTA Brief, pp. 7 and 8.

3. Customer Guide Pages

NECTA states that it supports SNET's offering of a customer service guide page section in its regularly published directories; however, NECTA recommends that SNET